

Corporation Commission

	FY 2020 ACTUAL	FY 2021 ESTIMATE	FY 2022 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	300.9	300.9	300.9 ^{1/}
Personal Services	14,794,000	16,315,200	16,315,200
Employee Related Expenditures	5,778,800	6,361,000	6,361,000
Professional and Outside Services	531,600	412,100	412,100
Travel - In State	159,500	192,700	192,700
Travel - Out of State	81,800	122,500	122,500
Other Operating Expenditures	4,934,500	4,190,600	4,190,600
Equipment	282,600	248,300	248,300
OPERATING SUBTOTAL	26,562,800	27,842,400	27,842,400
SPECIAL LINE ITEMS			
Corporation Filings, Same-Day Service	402,000	417,700	417,700 ^{D/}
Utilities Audits, Studies, Investigations & Hearings	440,500	380,000	380,000 ^{2/}
AGENCY TOTAL	27,405,300	28,640,100	28,640,100 ^{3/}
FUND SOURCES			
General Fund	620,800	647,100	647,100
<u>Other Appropriated Funds</u>			
Arizona Arts Trust Fund	50,700	52,600	52,600
Investment Management Regulatory and Enforcement Fund	713,100	745,500	745,500
Public Access Fund	6,533,900	6,976,200	6,976,200
Securities Regulatory and Enforcement Fund	5,053,500	5,286,100	5,286,100
Utility Regulation Revolving Fund	14,433,300	14,932,600	14,932,600
SUBTOTAL - Other Appropriated Funds	26,784,500	27,993,000	27,993,000
SUBTOTAL - Appropriated Funds	27,405,300	28,640,100	28,640,100
Other Non-Appropriated Funds	228,600	0	0
Federal Funds	(46,800)	2,341,400	2,341,400
TOTAL - ALL SOURCES	27,587,100	30,981,500	30,981,500

AGENCY DESCRIPTION — The Arizona Corporation Commission (ACC) was established by Article 15 of the Arizona Constitution and consists of 5 statewide elected Commissioners, each serving 4-year terms. The commission has 3 primary responsibilities. The Corporations Division provides public access to corporate annual reports, articles of incorporation, and corporate status change documents. The Securities Division regulates securities dealers and investment advisers. The Utilities Division monitors approximately 500 public service corporations operating in Arizona and establishes public utility rates. Other functions of the commission include inspecting gas pipelines and railroad track.

FOOTNOTES

- ^{1/} Includes 2 OF FTE Positions funded from Special Line Items in FY 2022.
- ^{D/} ~~The \$417,700 appropriated from the public access fund for the corporation filings, same-day service line item reverts to the public access fund established by section 10-122.01, Arizona Revised Statutes, at the end of fiscal year 2020-2021 if the commission has not established a same-day service pursuant to section 10-122, Arizona Revised Statutes. (General Appropriation Act footnote, as adjusted for statewide allocations).~~ The Corporation Commission established same-day service in FY 2021.
- ^{2/} This appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. (General Appropriation Act Footnote)
- ^{3/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The Baseline includes \$27,842,400 and 298.9 FTE Positions in FY 2022 for the operating budget. These amounts consist of:

	FY 2022
General Fund	\$647,100
Arizona Arts Trust Fund	52,600
Investment Management Regulatory and Enforcement Fund	745,500
Public Access Fund	6,558,500
Securities Regulatory and Enforcement Fund	5,286,100
Utility Regulation Revolving Fund	14,552,600

These amounts are unchanged from FY 2021.

Corporation Filings, Same-Day Service

The Baseline includes \$417,700 and 2 FTE Positions from the Public Access Fund in FY 2022 for Corporation Filings, Same-Day Service. These amounts are unchanged from FY 2021.

The Baseline removes a longstanding footnote in the General Appropriation Act that specified that monies in this line item revert to the Public Access Fund if the commission has not established a same-day service pursuant to A.R.S. § 10-122. The commission established the fee for services in November 2019 and the same-day and next-day filing services began in April 2020. The

monies in this line item are used to staff the newly-established service.

Utilities Audits, Studies, Investigations & Hearings

The Baseline includes \$380,000 from the Utility Regulation Revolving Fund in FY 2022 for Utilities Audits, Studies, Investigations & Hearings. This amount is unchanged from FY 2021.

Monies in this line item allow the commission to hire outside consultants to provide professional expertise and advice to the Utilities Program staff.

Other Issues**COVID-Related Spending**

The Executive has allocated monies from the federal Coronavirus Relief Fund to reimburse state agencies for public health and public safety expenditures. In FY 2020, the Corporation Commission was reimbursed for \$147,100 in non-General Fund spending. As a result, these fund balances are higher than they otherwise would have been. While these savings could potentially be transferred to the General Fund in FY 2021, the Baseline does not include these transfers as part of its overall revenue estimate pending further legislative consideration. *(Please see the COVID-Related Spending Summary at the front of this book for more information).*

SUMMARY OF FUNDS	FY 2020 Actual	FY 2021 Estimate
Arizona Arts Trust Fund (CCA3043/A.R.S. § 41-983.01)		Appropriated
Source of Revenue: One-third of the filing fees for the annual report of domestic and foreign corporations.		
Purpose of Fund: For grants under the Arizona arts program and for other expenditures as authorized by the chairman of the Arizona Arts Commission. The Corporation Commission funds 1 FTE Position with these monies to assist in collecting the fee, with the remainder transferred to the Arts Commission.		
Funds Expended	50,700	52,600
Year-End Fund Balance	104,000	1,107,100
Coronavirus Relief Fund (CCA2975/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Monies received by the state from the federal COVID-19 response legislation. Arizona received \$1.86 billion from the Coronavirus Relief Fund established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act based on the state's share of the population.		
Purpose of Fund: Monies are allocated by the Governor to supplement costs of the state's COVID-19 response, including necessary expenditures incurred by the state due to the public health emergency from March 1, 2020 to December 30, 2020.		
Funds Expended	147,100	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2020 Actual	FY 2021 Estimate
Federal Funds (CCA2000/A.R.S. § 40-441)		Non-Appropriated
Source of Revenue: U.S. Department of Transportation grants.		
Purpose of Fund: To pay up to 50% of the costs associated with the inspection of interstate pipelines transporting gas and hazardous liquids, and conduction of a pipeline safety program.		
Funds Expended	(193,900)	2,341,400
Year-End Fund Balance	6,348,500	5,048,100
IGA and ISA Fund (CCA2500/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Grants and intergovernmental agreements between state agencies and local governments. Transfers related to Automation Projects Fund are also displayed in this fund.		
Purpose of Fund: To be used as specified in the grant or agreement.		
Funds Expended	184,200	0
Year-End Fund Balance	6,400	6,400
Investment Management Regulatory and Enforcement Fund (CCA2404/A.R.S. § 44-3298)		Appropriated
Source of Revenue: Fees from licensing of investment advisors and investment advisor representatives, and from costs recovered from enforcement actions associated with the licensing.		
Purpose of Fund: For education, regulatory, investigative and enforcement operations in the Securities Division.		
Funds Expended	713,100	745,500
Year-End Fund Balance	1,777,600	1,777,200
Public Access Fund (CCA2333/A.R.S. § 10-122.01)		Appropriated
Source of Revenue: Fees for expedited service for the filing of articles of incorporation and other documents.		
Purpose of Fund: To cover a part of the commission's administrative and legal expenses as well as costs associated with an improved data processing system that allows direct, online access by any person at a remote location to all public records concerning corporations and associations.		
Funds Expended	6,533,900	6,976,200
Year-End Fund Balance	652,900	200,000
Securities Regulatory and Enforcement Fund (CCA2264/A.R.S. § 44-2039)		Appropriated
Source of Revenue: Registration and transfer of registration fees for securities dealers and salesmen, and from registration fees for securities exchanges established in the state.		
Purpose of Fund: For education, regulatory, investigative, and enforcement operations in the Securities Division.		
Funds Expended	5,053,500	5,286,100
Year-End Fund Balance	14,020,200	15,171,900
Utility Regulation Revolving Fund (CCA2172/A.R.S. § 40-408)		Appropriated
Source of Revenue: Assessments against public utilities regulated by the commission, as defined by A.R.S. § 40-401.		
Purpose of Fund: For all expenses incurred by the Utilities Division, including attorneys and legal staff, auditors, economists and other staff employed by the division.		
Funds Expended	14,433,300	14,932,600
Year-End Fund Balance	16,109,500	21,058,000
Utility Siting Fund (CCA2076/A.R.S. § 40-360.09)		Non-Appropriated
Source of Revenue: Fees paid for applications to the Power Plant and Transmission Line Siting Committee for proposed and expanded power plants and transmission lines.		
Purpose of Fund: For costs incurred by the Power Plant and Transmission Line Siting Committee in connection with the activities of the committee.		
Funds Expended	44,400	0
Year-End Fund Balance	900	16,000